

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 L-03 DRC-01 RSC-01 /026 W

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R 252130Z SEP 73

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8704

INFO AMEMBASSY NASSAU

C O N F I D E N T I A L QUITO 4993

E.O. 11652: GDS

TAGS: BDIS, EC (SMITH, HAROLD T.)

SUBJECT: HAROLD T. SMITH CASE

REF: STATE 150274

1. HAROLD T. SMITH INFORMED EMBOFF SEPTEMBER 21 THAT HE HAS SETTLED THE 8-YEAR-OLD QUEVEDO PROPERTIES CLAIM WITH THE ECUADOREAN HOUSING BANK. SMITH AGREED TO DROP ALL CLAIMS TO THE PROPERTY FOR AN IMMEDIATE PAYMENT OF 4,644,000 SUCRES (\$185,760). HE HAS RECEIVED A CERTIFIED CHECK FOR THAT AMOUNT. AGREEMENT TO THAT SUM REPRESENTS A LARGE CONCESSION ON SMITH'S PART SINCE THE ORIGINAL SALES PRICE IN 1965 WAS 6,755,000 SUCRES (\$375,000 AT THE EXCHANGE RATE THEN PREVAILING).

2. SMITH BELIEVES THE INTERVENTION OF PRESIDENT RODRIGUEZ LARA, AND LUIS MALDONADO, FATHER OF THE MINISTER OF AGRICULTURE, WAS INSTRUMENTAL IN SMITH'S REACHING AGREEMENT WITH THE HOUSING BANK. MALDONADO ASSISTED SMITH BY ARRANGING AN AUDIENCE WITH THE PRESIDENT AND IN DEALING WITH THE HOUSING BANK. SMITH SAID HE PAID MALDONADO 350,000 SUCRES FOR HIS ASSISTANCE, ALTHOUGH MALDONADO NEVER REQUESTED REMUNERATION.

3. SMITH ALSO CONSIDERS NEGOTIATIONS FOR THE GOE PURCHASE OF HIS QUITO FARMS TO BE PROCEEDING WELL. SMITH SAID HE HAS FIRM OFFERS FOR HIS PROPERTIES OF 23 MILLION SUCRES (\$920,000) FROM AN ECUADOREAN SAVINGS AND LOAN INSTITUTION, MUTUALISTA PICHINCHA, AND \$1 MILLION FROM HOLIDAY INN, AND HE HAS BEEN USING THIS AS LEVERAGE IN HIS NEGOTIATIONS. AS NEGOTIATIONS STAND, THE MILITARY HAS OFFERED 7

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SUCRES PER SQUARE METER AND SMITH HAS COUNTERED WITH A PRICE OF 8

SUCRES. SMITH IS CONFIDENT THE MILITARY WILL AGREE TO HIS PRICE,
ESPECIALLY SINCE HE UNDERSTANDS THAT THE PRESIDENT ALSO INSTRUCTED
ARMY CINC GENERAL LOPEZ TO REACH A QUICK SETTLEMENT.

4. SMITH EXPRESSED APPRECIATION FOR EMBASSY AND DEPARTMENT EFFORTS
ON HIS BEHALF AND ESPECIALLY FOR THE ASSISTANCE OF ROZANNE RIDGEWAY.
BREWSTER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973QUITO04993
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS BREWSTER
Errors: N/A
Film Number: n/a
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730912/aaaaaini.tel
Line Count: 68
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 150274
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by martinjw>; APPROVED <08 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HAROLD T. SMITH CASE
TAGS: BDIS, EC, (SMITH, HAROLD T)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005